

**AMENDMENT TO H.R. 3567, AS REPORTED**  
**OFFERED BY MR. CHABOT OF OHIO**

Strike title V and insert the following:

1       **TITLE V—VENTURE CAPITAL**  
2       **INVESTMENT STANDARDS**

3       **SEC. 501. DETERMINING WHETHER BUSINESS CONCERN IS**  
4       **INDEPENDENTLY OWNED AND OPERATED.**

5       Section 3(a) of the Small Business Act (15 U.S.C.  
6       632(a)) is amended by adding at the end the following:

7               “(5) NON-AFFILIATION OF VENTURE CAPITAL  
8       FROM CONSIDERATION OF SMALL BUSINESS CON-  
9       CERN.—For purposes of determining whether a  
10      small business concern is independently owned and  
11      operated under paragraph (1) or meets the small  
12      business size standards instituted under paragraph  
13      (2), the Administrator shall not consider a business  
14      concern to be affiliated with a venture capital oper-  
15      ating company (or with any other business that the  
16      venture capital operating company has financed)  
17      if—

18               “(A) the venture capital operating com-  
19      pany does not own 50 percent or more of the  
20      business concern; and

1           “(B) employees of the venture capital oper-  
2           ating company do not constitute a majority of  
3           the board of directors of the business concern.

4           “(6) DEFINITION OF ‘INDEPENDENTLY OWNED  
5           AND OPERATED’.—For purposes of this section, a  
6           business concern shall be deemed to be ‘independ-  
7           ently owned and operated’ if—

8           “(A) it is owned in majority part by one or  
9           more natural persons or venture capital oper-  
10          ating companies;

11          “(B) there is no single venture capital op-  
12          erating company that owns 50 percent or more  
13          of the business concern; and

14          “(C) there is no single venture capital op-  
15          erating company the employees of which con-  
16          stitute a majority of the board of directors of  
17          the business concern.

18          “(7) DEFINITION OF ‘VENTURE CAPITAL OPER-  
19          ATING COMPANY’.—For purposes of this section, the  
20          term ‘venture capital operating company’ means a  
21          business concern—

22          “(A) that—

23                  “(i) is a Venture Capital Operating  
24                  Company, as that term is defined in regu-

1                   lations promulgated by the Secretary of  
2                   Labor; or

3                   “(ii) is an entity that—

4                   “(I) is registered under the In-  
5                   vestment Company Act of 1940 (15  
6                   U.S.C. 80a–51 et seq.);

7                   “(II) is an investment company,  
8                   as defined in section 3(c)(14) of such  
9                   Act (15 U.S.C. 80a–3(c)(14)), which  
10                  is not registered under such Act be-  
11                  cause it is beneficially owned by less  
12                  than 100 persons; or

13                  “(III) is a nonprofit organization  
14                  affiliated with, or serving as a patent  
15                  and licensing organization for, a uni-  
16                  versity or other institution of higher  
17                  education and that invests primarily  
18                  in small business concerns; and

19                  “(B) that is not controlled by any business  
20                  concern that is not a small business concern  
21                  within the meaning of section 3; and

22                  “(C) that has fewer than 500 employees;  
23                  and

24                  “(D) that is itself a concern incorporated  
25                  and domiciled in the United States, or is con-

1           trolled by a concern that is incorporated and  
2           domiciled in the United States.”.